



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AUDIT EXAMINATION OF THE
McLEAN COUNTY FISCAL COURT**

Fiscal Year Ended June 30, 1998

**EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS
WWW.STATE.KY.US/AGENCIES/APA**

**144 CAPITOL ANNEX
FRANKFORT, KY 40601
TELE. (502) 564-5841
FAX (502) 564-2912**

CONTENTS

PAGE

INDEPENDENT AUDITOR’S REPORT	1
MCLEAN COUNTY OFFICIALS.....	3
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES ARISING FROM CASH TRANSACTIONS.....	7
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES	10
NOTES TO FINANCIAL STATEMENTS	14
COMPARATIVE SCHEDULE OF BUDGETED TO ACTUAL OPERATING REVENUE	23
SCHEDULE OF OPERATING REVENUE	26
COMPARATIVE SCHEDULE OF FINAL BUDGET AND BUDGETED EXPENDITURES.....	41
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	63
COMMENTS AND RECOMMENDATIONS.....	67
APPENDIX A:	
CERTIFICATION OF COMPLIANCE – LOCAL GOVERNMENT ECONOMIC ASSISTANCE	



Edward B. Hatchett, Jr. Auditor of Public Accounts

To the People of Kentucky
Honorable Paul E. Patton, Governor
John P. McCarty, Secretary
Finance and Administration Cabinet
Sarah Jane Schaaf, Secretary, Revenue Cabinet
Honorable Larry Whitaker, County Judge/Executive
Members of the McLean County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of assets, liabilities, and fund balances arising from cash transactions of McLean County, Kentucky, as of June 30, 1998, and the related statement of cash receipts, cash disbursements, and changes in cash balances for the year then ended. These financial statements are the responsibility of the McLean County Fiscal Court. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Fiscal Court Audits issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

McLean County, Kentucky, prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and laws of Kentucky. Consequently, certain revenues and the related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when a liability is incurred. The cash basis accounting system does not require an entity to maintain a general fixed asset group or a general long-term debt group of accounts. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balances arising from cash transactions of McLean County, Kentucky, and the related statement of cash receipts, cash disbursements, and changes in cash balances as of and for the year ended June 30, 1998, in conformity with the cash basis of accounting described above.

To the People of Kentucky
Honorable Paul E. Patton, Governor
John P. McCarty, Secretary
Finance and Administration Cabinet
Sarah Jane Schaaf, Secretary, Revenue Cabinet
Honorable Larry Whitaker, County Judge/Executive
Members of the McLean County Fiscal Court

Our audit was performed for the purpose of forming an opinion on the financial statements of McLean County, Kentucky, taken as a whole. The information provided on the accompanying schedules is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the financial statements taken as a whole.

Based on the results of our audit, we present a schedule of Comments and Recommendations, included herein, which discusses the following area of noncompliance:

- The County Should Have A Written Agreement To Protect Its Deposits

In accordance with Government Auditing Standards, we have also issued our report dated February 8, 1999, on our consideration of McLean County, Kentucky's compliance with certain provisions of laws, regulations, contracts, and grants, and internal control over financial reporting.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a stylized flourish at the end.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
February 8, 1999

McLEAN COUNTY OFFICIALS

Fiscal Year Ended June 30, 1998

Larry Whitaker	County Judge/Executive
Bill Quisenberry, Jr.	County Attorney
Linda R. Johnson	County Clerk
Linda McClure	Circuit Court Clerk
Lester Stratton	Sheriff
Earlene Abney	Jailer
Sheila Fulkerson	Property Valuation Administrator
Sherry Boyken	County Treasurer
John Muster IV	Coroner
Sammy Hudson	Magistrate
Carl Story, Jr.	Magistrate
Jessie Abney	Magistrate
Bobby Johnson	Magistrate

STATEMENT OF ASSETS, LIABILITIES,
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS

McLEAN COUNTY
STATEMENT OF ASSETS, LIABILITIES,
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS
June 30, 1998

Assets and Other ResourcesAssets

General Fund:

Cash	\$ 7,198
Investments	121,000

Road and Bridge Fund:

Cash	20,362
Investments	96,474

Jail Fund:

Cash	3,111
------	-------

Local Government Economic Assistance Fund:

Cash	1,174
Investments	3,475

Ambulance Fund:

Cash	15,593
------	--------

Fire Department Fund:

Cash	660
------	-----

Community Development Block Grant Fund:

Cash	6,285
Note Receivable (Note 4)	148,672

Flood Fund:

Cash	175
------	-----

Hospital Fund:

Cash	22,169
Investments	86,267

Adult Education Fund:

Cash	7,015
------	-------

Job Training Partnership Act Fund:

Cash	4,985
------	-------

911 Fund:

Cash	15,619
------	--------

Career Center Fund:

Cash	23
------	----

Senior Citizens Fund:

Cash	4,693
------	-------

Payroll Revolving Fund - Cash

4,399

Other Resources

Local Government Economic Assistance Fund:

Amounts to be Provided in Future Years for Gas Lines (Note 5A)	200,000
---	---------

Ambulance Fund:

Amounts to be Provided in Future Years for Medical Equipment (Note 5B)	10,500
---	--------

Fire Department Fund:

Amounts to be Provided in Future Years for Fire Station and Community Center (Note 5C)	118,203
---	---------

The accompanying notes are an integral part of the financial statements.

McLEAN COUNTY
 STATEMENT OF ASSETS, LIABILITIES,
 AND FUND BALANCES ARISING FROM CASH TRANSACTIONS
 June 30, 1998
 (Continued)

Assets and Other Resources (Continued)

Other Resources (Continued)

911 Fund:

Amounts to be Provided in Future

Years for Emergency Phone System Lease (Note 6)	\$ 138,400
---	------------

Total Assets and Other Resources	<u>\$ 1,036,452</u>
----------------------------------	---------------------

Liabilities and Fund Balances

Liabilities

Community Development Block Grant Fund:

Revolving Fund-

Deferred Revenue (Note 4)	\$ 148,672
---------------------------	------------

Local Government Economic Assistance Fund:

Gas Lines (Note 5A)	200,000
---------------------	---------

Ambulance Fund:

Medical Equipment (Note 5B)	10,500
-----------------------------	--------

Fire Department Fund:

Fire Station and Community Center (Note 5C)	118,023
---	---------

911 Fund:

Emergency Phone System Lease (Note 6)	138,400
---------------------------------------	---------

Payroll Revolving Fund	4,399
------------------------	-------

Fund Balances

Reserved:

Local Government Economic Assistance Fund	4,649
---	-------

Ambulance Fund	15,593
----------------	--------

Fire Department Fund	660
----------------------	-----

Community Development Block Grant Fund	6,285
--	-------

Flood Fund	175
------------	-----

Hospital Fund	108,436
---------------	---------

Adult Education Fund	7,015
----------------------	-------

Job Training Partnership Act Fund	4,985
-----------------------------------	-------

911 Fund	15,619
----------	--------

Career Center Fund	23
--------------------	----

Senior Citizens Fund	4,693
----------------------	-------

Unreserved:

General Fund	128,198
--------------	---------

Road and Bridge Fund	116,836
----------------------	---------

Jail Fund	<u>3,111</u>
-----------	--------------

Total Liabilities and Fund Balances	<u>\$ 1,036,272</u>
-------------------------------------	---------------------

The accompanying notes are an integral part of the financial statements.

STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

McLEAN COUNTY
STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

Fiscal Year Ended June 30, 1998

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Cash Receipts</u>				
Schedule of Operating Revenue	\$ 2,173,453	\$ 632,484	\$ 933,749	\$ 32,943
Transfers In	774,567	152,311	187,080	44,000
Borrowed Money	200,000			
Lease - Purchase Proceeds	147,000			
Total Cash Receipts	<u>\$ 3,295,020</u>	<u>\$ 784,795</u>	<u>\$ 1,120,829</u>	<u>\$ 76,943</u>
<u>Cash Disbursements</u>				
Comparative Schedule of Final Budget and Budgeted Expenditures	\$ 2,696,956	\$ 697,995	\$ 895,623	\$ 80,575
Transfers Out	774,567	173,800	319,000	
Borrowed Money Repaid	21,408			
Total Cash Disbursements	<u>\$ 3,492,931</u>	<u>\$ 871,795</u>	<u>\$ 1,214,623</u>	<u>\$ 80,575</u>
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements	<u>\$ (197,911)</u>	<u>\$ (87,000)</u>	<u>\$ (93,794)</u>	<u>\$ (3,632)</u>
Cash Balance - July 1, 1997	<u>614,189</u>	<u>215,198</u>	<u>210,630</u>	<u>6,743</u>
Cash Balance - June 30, 1998 *	<u><u>\$ 416,278</u></u>	<u><u>\$ 128,198</u></u>	<u><u>\$ 116,836</u></u>	<u><u>\$ 3,111</u></u>

* Cash Balance Includes Investments

The accompanying notes are an integral part of the financial statements.

McLEAN COUNTY
 STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN CASH BALANCES
 Fiscal Year Ended June 30, 1998
 (Continued)

Local Government Economic Assistance Fund	Rural Health Fund	Ambulance Fund	Fire Department Fund	Community Development Block Grant Fund	Flood Fund
\$ 200,461	\$ 82,255	\$ 56,929	\$ 1,221	\$ 6,042	\$ 20,391
200,000	85,000	147,976	22,000		8,000
\$ 400,461	\$ 167,255	\$ 204,905	\$ 23,221	\$ 6,042	\$ 28,391
\$ 355,939	\$ 82,255	\$ 205,581	\$ 14,248	\$ 7,854	\$ 7,825
91,376	85,000				20,391
		2,700	10,108		
\$ 447,315	\$ 167,255	\$ 208,281	\$ 24,356	\$ 7,854	\$ 28,216
\$ (46,854)	\$ 0	\$ (3,376)	\$ (1,135)	\$ (1,812)	\$ 175
51,503	0	18,969	1,795	8,097	0
\$ 4,649	\$ 0	\$ 15,593	\$ 660	\$ 6,285	\$ 175

The accompanying notes are an integral part of the financial statements.

McLEAN COUNTY
 STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN CASH BALANCES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Hospital Fund	Adult Education Fund	Job Training Partnership Act Fund	911 Fund
<u>Cash Receipts</u>				
Schedule of Operating Revenue	\$ 32,512	\$ 37,629	\$ 48,931	\$ 50,756
Transfers In		2,000	4,500	
Borrowed Money				
Lease - Purchase Proceeds				147,000
Total Cash Receipts	<u>\$ 32,512</u>	<u>\$ 39,629</u>	<u>\$ 53,431</u>	<u>\$ 197,756</u>
<u>Cash Disbursements</u>				
Comparative Schedule of Final Budget and Budgeted Expenditures	\$ 7,136	\$ 32,619	\$ 49,265	\$ 190,907
Transfers Out				
Borrowed Money Repaid				8,600
Total Cash Disbursements	<u>\$ 7,136</u>	<u>\$ 32,619</u>	<u>\$ 49,265</u>	<u>\$ 199,507</u>
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements	\$ 25,376	\$ 7,010	\$ 4,166	\$ (1,751)
Cash Balance - July 1, 1997	<u>83,060</u>	<u>5</u>	<u>819</u>	<u>17,370</u>
Cash Balance - June 30, 1998 *	<u><u>\$ 108,436</u></u>	<u><u>\$ 7,015</u></u>	<u><u>\$ 4,985</u></u>	<u><u>\$ 15,619</u></u>

* Cash Balance Includes Investments

McLEAN COUNTY
 STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN CASH BALANCES
 Fiscal Year Ended June 30, 1998
 (Continued)

Career Center Fund	Senior Citizens Fund
\$ 2,787	\$ 34,363
24,700	97,000
<hr/>	<hr/>
\$ 27,487	\$ 131,363
<hr/>	<hr/>
\$ 27,464	\$ 41,670
	85,000
<hr/>	<hr/>
\$ 27,464	\$ 126,670
<hr/>	<hr/>
\$ 23	\$ 4,693
0	0
<hr/>	<hr/>
\$ 23	\$ 4,693
<hr/>	<hr/>

The accompanying notes are an integral part of the financial statements.

McLEAN COUNTY
NOTES TO FINANCIAL STATEMENTS

June 30, 1998

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statements of McLean County include the funds, agencies, boards, and entities for which the fiscal court is financially accountable. Financial accountability, as defined by Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14, was determined on the basis of the government's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service. Based upon the application of the criteria stated in GASB 14, there are no component units which merit consideration as part of the reporting entity.

B. Fund Accounting

Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The government uses funds to report on its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts.

C. Basis of Accounting

The financial statements were prepared on a cash basis of accounting pursuant to Kentucky Revised Statute (KRS) 68.210 as recommended by the State Local Finance Officer. Consequently, certain revenues and related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when a liability is incurred. The cash basis accounting system does not require an entity to maintain a general fixed asset group or a general long-term debt group of accounts.

D. Legal Compliance - Budget

The McLean County budget is adopted on a cash basis of accounting and laws of Kentucky as required by the State Local Finance Officer. The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

E. Cash and Investments

Cash includes amounts in bank accounts, and investments are stated at cost. Investments may include certificates of deposit on the financial statements; however, for the purpose of disclosing credit risk (Note 3), investments exclude certificates of deposit.

McLEAN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 1998
(Continued)

Note 1. (Continued)

E. Cash and Investments (Continued)

KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

F. Related Organizations

A related organization is an entity for which a primary government is not financially accountable. It does not impose will or have a financial benefit or burden relationship, even if the primary government appoints a voting majority of the related organization's governing board. Based on these criteria, the following are considered related organizations of McLean County Fiscal Court: McLean County Water District.

Note 2. Employee Retirement System

The county has elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system, which covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 8.65 percent.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report.

Note 3. Deposits

The county maintains deposits with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to law, the depository institution should pledge sufficient securities as collateral which, together with FDIC insurance, equals or exceeds the amount on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge of securities should be evidenced by an agreement that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. This agreement, signed by both parties, must be sufficient to create an enforceable and perfected security interest in the collateral under Kentucky law. The depository institution has made such a pledge, and the depository institution's board of directors or loan committee approved the pledge. However, the depository institution did not have a written agreement with the county.

McLEAN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 1998
(Continued)

Note 4. Note Receivable

As of June 30, 1998, Mespar Inc. owed the McLean County Fiscal Court Community Development Block Grant Revolving Fund \$148,672 for the purchase of land in McLean County. Payment is due only on the interest of these monies calculated at an annual rate of 6 % by the 23rd of each month. The total interest received during the fiscal year ended June 30, 1998, was \$5,783.

Note 5. Long-Term Debt

A. Local Government Economic Assistance Fund

On May 5, 1998, the McLean County Fiscal Court borrowed \$200,000 from Fifth Third Bank Cincinnati, Ohio, for the installation of gas lines. The interest rate is 4.87% with biannual interest payments of \$4,870 due on the 20th of May and November for 36 months. The principal balance at June 30, 1998 was \$200,000. Future debt requirements are as follows:

<u>FYE</u>	<u>Principal</u>	<u>Interest</u>
6/30/99	\$	\$ 9,740
6/30/00		9,740
6/30/01	<u>200,000</u>	<u>9,740</u>
	<u>\$ 200,000</u>	<u>\$ 29,220</u>

B. Ambulance Fund

On February 2, 1997, the McLean County Fiscal Court borrowed \$17,000 from Fifth Third Bank Cincinnati, Ohio, for the purchase of heart defibrillators. The interest rate is 5.21% with biannual payments due on the 20th of May and November for 36 months. The principal balance at June 30, 1998 was \$10,500. Future debt requirements are as follows:

<u>FYE</u>	<u>Principal</u>	<u>Interest</u>
6/30/99	\$ 5,500	\$ 477
6/30/00	<u>5,000</u>	<u>185</u>
	<u>\$ 10,500</u>	<u>\$ 662</u>

McLEAN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 1998
(Continued)

Note 5. Long-Term Debt (Continued)

C. Fire Department Fund

On September 11, 1995, McLean County Fiscal Court borrowed \$105,000 from First Security Bank and Trust, Island, Kentucky, for the construction of the Beechgrove Fire Station and Community Center. The interest rate is 5.85% with quarterly payments of \$3,489 for 140 months. The principal balance at June 30, 1998 was \$81,958. Future debt requirements are as follows:

<u>FYE</u>	<u>Principal</u>	<u>Interest</u>
6/30/99	\$ 9,363	\$ 4,592
6/30/00	9,911	4,043
6/30/01	10,515	3,439
6/30/02	11,144	2,811
6/30/03	11,810	2,147
6/30/04	12,513	1,442
6/30/05	13,264	690
6/30/06	<u>3,438</u>	<u>51</u>
	<u>\$ 81,958</u>	<u>\$ 19,215</u>

On November 22, 1995, the McLean County Fiscal Court borrowed \$45,000 from First Security Bank and Trust, Island, Kentucky, for additional construction of the Beechgrove Fire Station and Community Center. The interest rate is 5.85% with quarterly payments of \$1,494 for 140 months. The principal balance at June 30, 1998 was \$36,065. Future debt requirements are as follows:

<u>FYE</u>	<u>Principal</u>	<u>Interest</u>
6/30/99	\$ 3,952	\$ 2,025
6/30/00	4,183	1,786
6/30/01	4,438	1,549
6/30/02	4,704	1,274
6/30/03	4,984	991
6/30/04	5,282	696
6/30/05	5,598	378
6/30/06	<u>2,924</u>	<u>65</u>
	<u>\$ 36,065</u>	<u>\$ 8,764</u>

The total principal balance outstanding of the Fire Department Fund is \$118,023 as of June 30, 1998.

McLEAN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 1998
(Continued)

Note 6. Long-Term Lease

911 Fund

On January 1, 1998, the McLean County Fiscal Court borrowed \$147,000 from Fifth Third Bank Cincinnati, Ohio, for the purchase of a 911 emergency dispatch system. The interest rate is 5.25% with biannual payments due on the 20th of May and November for 60 months. The principal balance at June 30, 1998 was \$138,400. Future debt requirements are as follows:

<u>FYE</u>	<u>Principal</u>	<u>Interest</u>
6/30/99	\$ 26,900	\$ 6,917
6/30/00	28,400	5,487
6/30/01	29,800	3,977
6/30/02	31,400	2,391
6/30/03	21,900	719
	<u>\$ 138,400</u>	<u>\$ 19,491</u>

Note 7. Operating Lease-Purchase Agreement

The county has entered into the following lease-purchase agreement for the Road and Bridge Fund:

<u>Description</u>	<u>Purchase Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Amount</u>
Ford/ New Holland 8240 Tractor	5/26/95	5/26/99	12.9	\$ <u>7,822</u>

Note 8. Commitments and Contingencies

McLean County, Kentucky, together with Henderson County, Kentucky, and Webster County, Kentucky, has committed to pay the city of Henderson, Kentucky, one third of the portion of the annual debt service which exceeds net operating revenues derived by the city from the operation of a water and wastewater treatment plant built as an incentive to economic development in the three counties. The estimated total amount of money necessary to be paid to the city by the three participating counties to supplement the city's annual debt service project is \$255,000 per year. Furthermore, any monies paid by the three participating counties to supplement the city's debt service obligations on the project shall be refunded by the city to each participating county, but without interest, out of the portion of the net operating revenues from the water treatment plant and wastewater treatment plant which exceed the city's debt service obligation on the facilities, if and when, both plants generate net operating revenue.

McLEAN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 1998
(Continued)

Note 9. Subsequent Events

In November 1998, McLean County Fiscal Court refinanced two of its loans held with First Security Bank and Trust. This action resulted in savings to the county of approximately \$2,356 in interest payments.

Note 10. Insurance

For the fiscal year ended June 30, 1998, McLean County was a member of the Kentucky Association of Counties' All Lines Insurance Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of a collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

THIS PAGE LEFT BLANK INTENTIONALLY

COMPARATIVE SCHEDULE OF
BUDGETED TO ACTUAL OPERATING REVENUE

McLEAN COUNTY
COMPARATIVE SCHEDULE OF
BUDGETED TO ACTUAL OPERATING REVENUE

Fiscal Year Ended June 30, 1998

<u>Budgeted Funds</u>	<u>Budgeted Operating Revenue</u>	<u>Actual Operating Revenue</u>	<u>Over (Under) Budget</u>
General Fund	\$ 842,826	\$ 632,484	\$ (210,342)
Road and Bridge Fund	848,300	933,749	85,449
Jail Fund	30,122	32,943	2,821
Local Government Economic Assistance Fund	774,000	200,461	(573,539)
Rural Health Grant Fund	75,000	82,255	7,255
Ambulance Fund	285,300	56,929	(228,371)
Fire Department Fund	11,100	1,221	(9,879)
Community Development Block Grant Fund	555,000	6,042	(548,958)
Flood Fund	788,658	20,391	(768,267)
Hospital Fund	25,000	32,512	7,512
Adult Education Fund	34,017	37,629	3,612
Job Training Partnership Act Fund	53,452	48,931	(4,521)
911 Fund	193,000	50,756	(142,244)
Career Center Fund	29,125	2,787	(26,338)
Senior Citizens Fund	41,490	34,363	(7,127)
Total	<u>\$ 4,586,390</u>	<u>\$ 2,173,453</u>	<u>\$ (2,412,937)</u>

Reconciliation

Total Budgeted Operating Revenue Above	\$ 4,586,390
Add: Budgeted Prior Year Surplus	489,600
Less: Other Financing Uses	<u>(221,408)</u>
Total Operating Budget Per Comparative Schedule Of Final Budget and Budgeted Expenditures	<u>\$ 4,854,582</u>

THIS PAGE LEFT BLANK INTENTIONALLY

SCHEDULE OF OPERATING REVENUE

McLEAN COUNTY
SCHEDULE OF OPERATING REVENUE

Fiscal Year Ended June 30, 1998

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Revenue From Local Taxes and Excess Fees</u>				
Sheriff:				
Taxes	\$ 322,617	\$ 322,617	\$	\$
Excess Fees - 1996	26,919	26,919		
Bank Shares	20,222	20,222		
Fire Protection	460	460		
Unmined Minerals	4,610	4,610		
County Clerk:				
Deed Transfer Tax	23,396	23,396		
Marriage License	280	280		
Delinquent Taxes	4,136	4,136		
Excess Fees - 1996	30,486	30,486		
Tangible Personal Property Taxes:				
County Clerk	13,423	13,423		
Telephone Tax	50,756			
Totals	\$ 497,305	\$ 446,549	\$ 0	\$ 0
<u>Federal Receipts - State Treasurer</u>				
Federal Emergency				
Management Agency	\$ 30,481	\$	\$ 26,711	\$
Community Development Block				
Grants -	82,255			
Adult Education Grant	35,608			
Job Training Participation	48,910			
Title III - Aging Program	25,598			
Totals	\$ 222,852	\$ 0	\$ 26,711	\$ 0
<u>Kentucky State Treasurer</u>				
Jail:				
Allotments	\$ 24,000	\$	\$	\$ 24,000
Medical Allotments	2,171			2,171

McLEAN COUNTY
SCHEDULE OF OPERATING REVENUE
Fiscal Year Ended June 30, 1998
(Continued)

Local Government Economic Assistance Fund	Rural Health Grant Fund	Ambulance Fund	Fire Department Fund	Community Development Block Grant Fund	Flood Fund
\$	\$	\$	\$	\$	\$
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
\$	\$	\$	\$	\$	\$ 3,770
	82,255				
\$ 0	\$ 82,255	\$ 0	\$ 0	\$ 0	\$ 3,770
\$	\$	\$	\$	\$	\$

McLEAN COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1998
 (Continued)

	Hospital Fund	Adult Education Fund	Job Training Partnership Act Fund	911 Fund
<u>Revenue From Local Taxes</u> <u>and Excess Fees</u>				
Sheriff:				
Taxes	\$	\$	\$	\$
Excess Fees - 1996				
Bank Shares				
Fire Protection				
Unmined Minerals				
County Clerk:				
Deed Transfer Tax				
Marriage License				
Delinquent Taxes				
Excess Fees - 1996				
Tangible Personal Property Taxes:				
County Clerk				
Telephone Tax				50,756
Totals	\$ 0	\$ 0	\$ 0	\$ 50,756
<u>Federal Receipts - State Treasurer</u>				
Federal Emergency				
Management Agency	\$	\$	\$	\$
Community Development Block				
Grants -				
Adult Education Grant		35,608		
Job Training Participation			48,910	
Tittle III - Aging Program				
Totals	\$ 0	\$ 35,608	\$ 48,910	\$ 0
<u>Kentucky State Treasurer</u>				
Jail:				
Allotments	\$	\$	\$	\$
Medical Allotments				

McLEAN COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1998
 (Continued)

Career Center Fund	Senior Citizens Fund
--------------------------	----------------------------

\$	\$
----	----

<u>\$ 0</u>	<u>\$ 0</u>
-------------	-------------

\$	\$
----	----

<u>\$ 0</u>	<u>25,598</u>
<u>\$ 0</u>	<u>\$ 25,598</u>

\$	\$
----	----

McLEAN COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1998
 (Continued)

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Kentucky State Treasurer</u>				
(Continued)				
Jail: (Continued)				
Work Release	\$ 684	\$	\$	\$ 684
Driving Under The Influence Fees	1,508			1,508
County Road Aid	514,157		514,157	
Public Defender Allotment	12,189	12,189		
Truck License Distribution	151,651		151,651	
Election Expense Reimbursement	2,672	2,672		
Strip Mine Permits	11,988	11,988		
Courthouse Rental - Administrative				
Office of the Courts	25,377	25,377		
Refunds:				
Legal Process Tax	60	60		
Drivers License	985		985	
Dog License	107	107		
Severance Taxes:				
Coal	156,560			
Mineral	27,628			
Board of Assessments	200	200		
Grants:				
Library	14,098	14,098		
Disaster and Emergency Services				
Reimbursement	2,916	2,916		
Title III - Aging Program	4,984			
Disaster and Emergency				
Assistance Grant -				
1997 Flood Relief	16,621			
Career Center	2,777			
Tourism Grant	1,595			
Ambulance Grant	41,876			
Miscellaneous	8,750			
Totals	\$ 1,025,554	\$ 69,607	\$ 666,793	\$ 28,363

McLEAN COUNTY
SCHEDULE OF OPERATING REVENUE
Fiscal Year Ended June 30, 1998
(Continued)

Local Government Economic Assistance Fund	Rural Health Grant Fund	Ambulance Fund	Fire Department Fund	Community Development Block Grant Fund	Flood Fund
\$	\$	\$	\$	\$	\$
156,560					
27,628					
					16,621
1,595		41,876			
8,750					
\$ 194,533	\$ 0	\$ 41,876	\$ 0	\$ 0	\$ 16,621

McLEAN COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1998
 (Continued)

	Hospital Fund	Adult Education Fund	Job Training Partnership Act Fund	911 Fund
<u>Kentucky State Treasurer</u> (Continued)				
Jail: (Continued)				
Work Release	\$	\$	\$	\$
Driving Under The Influence Fees				
County Road Aid				
Public Defender Allotment				
Truck License Distribution				
Election Expense Reimbursement				
Strip Mine Permits				
Courthouse Rental - Administrative				
Office of the Courts				
Refunds:				
Legal Process Tax				
Drivers License				
Dog License				
Severance Taxes:				
Coal				
Mineral				
Board of Assessments				
Grants:				
Library				
Disaster and Emergency Services				
Reimbursement				
Title III - Aging Program				
Disaster and Emergency				
Assistance Grant -				
1997 Flood Relief				
Career Center				
Tourism Grant				
Ambulance Grant				
Miscellaneous				
Totals	\$ 0	\$ 0	\$ 0	\$ 0

McLEAN COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1998
 (Continued)

Career Center Fund	Senior Citizens Fund
--------------------------	----------------------------

\$

\$

4,984

2,777

<u>\$ 2,777</u>	<u>\$ 4,984</u>
-----------------	-----------------

McLEAN COUNTY
SCHEDULE OF OPERATING REVENUE
Fiscal Year Ended June 30, 1998
(Continued)

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Miscellaneous Revenue</u>				
Interest	\$ 31,790	\$ 14,171	\$ 11,509	\$
Circuit Court Clerk:				
Jail Cost	4,580			4,580
Community Development Block:				
Grant Loan Repayments -				
Mespar Interest	5,783			
Charges for Services:				
Solid Waste Permits	375	375		
Dog Release Fees	64	64		
Ambulance Service	11,989	878		
Concession Sales	820	131		
Transfer Site	27,502	27,502		
Recycling	4,171	2,388	1,783	
Insurance	5,966	5,966		
Vending Machines	2,795	2,795		
Petroleum Storage Tanks	141,204		141,204	
City Transfer	5,152		5,152	
Winn Construction Settlement	75,000		75,000	
Farm Income	845	845		
Payroll Reimbursement - Child Support	28,733	28,733		
County Police Revenue	109	109		
Beechgrove Fire Department	1,000			
Fuel Reimbursement	4,320			
Donations	4,116			
Rent	42,500	15,000		
Miscellaneous Items	28,928	17,371	5,597	
Totals	\$ 427,742	\$ 116,328	\$ 240,245	\$ 4,580
Total Operating Revenue	\$ 2,173,453	\$ 632,484	\$ 933,749	\$ 32,943

McLEAN COUNTY
SCHEDULE OF OPERATING REVENUE
Fiscal Year Ended June 30, 1998
(Continued)

Local Government Economic Assistance Fund	Rural Health Grant Fund	Ambulance Fund	Fire Department Fund	Community Development Block Grant Fund	Flood Fund
\$ 1,139	\$	\$	\$	\$ 259	\$
				5,783	
		11,111			
				1,000	
		3,517	221		
4,789		425			
\$ 5,928	\$ 0	\$ 15,053	\$ 1,221	\$ 6,042	\$ 0
\$ 200,461	\$ 82,255	\$ 56,929	\$ 1,221	\$ 6,042	\$ 20,391

McLEAN COUNTY
SCHEDULE OF OPERATING REVENUE
Fiscal Year Ended June 30, 1998
(Continued)

	Hospital Fund	Adult Education Fund	Job Training Partnership Act Fund	911 Fund
<u>Miscellaneous Revenue</u>				
Interest	\$ 4,712	\$	\$	\$
Circuit Court Clerk:				
Jail Cost				
Community Development Block:				
Grant Loan Repayments -				
Mespar Interest				
Charges for Services:				
Solid Waste Permits				
Dog Release Fees				
Ambulance Service				
Concession Sales		689		
Transfer Site				
Recycling				
Insurance				
Vending Machines				
Petroleum Storage Tanks				
City Transfer				
Winn Construction Settlement				
Farm Income				
Payroll Reimbursement - Child Support				
County Police Revenue				
Beechgrove Fire Department				
Fuel Reimbursement				
Donations		1,332		
Rent	27,500			
Miscellaneous Items	300		21	
Totals	\$ 32,512	\$ 2,021	\$ 21	\$ 0
Total Operating Revenue	\$ 32,512	\$ 37,629	\$ 48,931	\$ 50,756

McLEAN COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1998
 (Continued)

Career Center Fund	Senior Citizens Fund
--------------------------	----------------------------

\$

\$

582
 2,784

10	415
----	-----

\$ 10	\$ 3,781
-------	----------

\$ 2,787	\$ 34,363
----------	-----------

THIS PAGE LEFT BLANK INTENTIONALLY

COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES

McLEAN COUNTY
COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES

Fiscal Year Ended June 30, 1998

	<u>Final Budget</u>	<u>Budgeted Expenditures</u>	<u>Under (Over) Budget</u>
<u>GENERAL FUND</u>			
<u>General Government</u>			
Office of County Judge/Executive:			
Salaries-			
County Judge/Executive	\$ 48,376	\$ 48,376	\$
Deputy County Judge/Executive	21,291	21,291	
Secretaries	1,007	805	202
Other Salaries	6,039	5,681	358
Advertising	2,700	2,012	688
Dues and Registrations Fees	2,984	2,984	
Office Materials and Supplies	3,947	3,947	
New Office Equipment	3,000	456	2,544
Data Processing Equipment	3,500	792	2,708
Telephone	4,567	4,567	
Travel-			
Judge/Executive	3,763	2,325	1,438
Finance Officer	443	428	15
Daviess County Phone	3,500	3,365	135
Office Equipment Maintenance	2,200	616	1,584
Office of County Attorney:			
Salaries-			
County Attorney	10,789	10,789	
Secretaries	9,150	9,150	
Other Salaries	168		168
Office Materials and Supplies	1,009	1,008	1
Telephone	2,963	2,963	
Office of County Clerk:			
County Clerk Salary	1,200	1,200	
Data Processing	7,262	7,262	
Data Processing Supplies	1,463	1,331	132
Fees	4,567	4,567	
Office Materials and Supplies	6,759	6,759	
Printing and Binding	3,988	2,133	1,855
Copier Maintenance	8,350	8,350	
Telephone	2,500	2,000	500

McLEAN COUNTY
 COMPARITIVE SCHEDULE OF FINAL BUDGET
 AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998

	<u>Final Budget</u>	<u>Budgeted Expenditures</u>	<u>Under (Over) Budget</u>
<u>GENERAL FUND (Continued)</u>			
<u>General Government (Continued)</u>			
Office of Sheriff:			
Salaries-			
Clerk	\$ 1,200	\$	\$ 1,200
Deputies	56,193	48,141	8,052
Overtime	2,974	2,446	528
Advertising Tax Bills	1,000	389	611
Vehicle Repair	7,171	7,171	
Materials and Supplies	887	8	879
Radio Equipment	1,281	318	963
Telephone	2,800	2,737	63
Office of County Coroner:			
Salaries-			
County Coroner	4,800	4,800	
Deputy Coroner	3,600	3,600	
Fiscal Court:			
Magistrates-			
Salaries	21,120	21,120	
Travel	500	40	460
Office of Property Valuation Administrator:			
Office Materials and Supplies	10,453	10,453	
Telephone	2,087	2,087	
Office of Board of Assessment Appeals:			
Per Diem	400	400	
Office of County Treasurer:			
County Treasurer Salary	20,688	20,688	
Data Processing	9,000	9,000	
Office Materials and Supplies	1,707	1,707	
New Office Equipment	462	174	288
Telephone	200	41	159
Registration, Conferences	413	376	37
Travel	325	174	151

McLEAN COUNTY
 COMPARITIVE SCHEDULE OF FINAL BUDGET
 AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND (Continued)</u>			
<u>General Government (Continued)</u>			
County Law Library:			
Law Librarian Salary	\$ 1,200	\$ 1,200	\$
Office Supplies	500	115	385
Elections:			
Per Diem-			
Election Commissioners	1,200	1,200	
Election Officers	3,500	2,586	914
Voting Machines	6,500	5,040	1,460
Voting machine Maintenance	1,000		1,000
Polling Places, Election	300		300
Printing	6,000	1,950	4,050
Miscellaneous Expense	300	122	178
Planning and Zoning:			
Salaries	5,000	802	4,198
Conference Registration	610	610	
Travel	390	31	359
Economic Development:			
Land Improvements	5,000	310	4,690
Twin Rivers	3,180		3,180
Courthouse:			
Janitorial Services	700		700
Improvements or New Construction	30,000	12,277	17,723
Materials and Supplies	3,422	3,400	22
Utilities	14,882	14,882	
Other County Properties:			
City Building			
Expenses	3,775	3,775	
Janitorial Services	4,009	4,009	
Utilities	3,671	3,548	123

McLEAN COUNTY
 COMPARITIVE SCHEDULE OF FINAL BUDGET
 AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998

	<u>Final Budget</u>	<u>Budgeted Expenditures</u>	<u>Under (Over) Budget</u>
<u>GENERAL FUND (Continued)</u>			
<u>Protection to Persons and Property</u>			
County Police:			
Salaries-			
County Police	\$ 54,319	\$ 53,299	\$ 1,020
Overtime	3,016	924	2,092
Miscellaneous	951	170	781
Vehicle Repairs	5,950	5,950	
Road Patrol, Fuel	12,000	9,922	2,078
Uniforms	988	988	
Training	729		729
Radio Equipment	2,732	2,240	492
Vehicle	8,829	8,226	603
Other Equipment	1,627	1,627	
County Fire Department:			
Contributions	3,489	3,489	
Disaster and Emergency Services:			
Director Salary	7,000	6,944	56
Office Materials and Supplies	471	30	441
Travel	400		400
Training	407		407
Telephone	722	722	
Dispatch Service:			
Salaries	66,875	66,875	
Overtime	2,507	1,922	585
Office Equipment	300		300
Office Supplies	500		500
Training	400		400
Back-up Phone	525		525
Forestry Fire Protection:			
Kentucky State Treasurer	750	730	20
Drug Enforcement:			
Education	2,000	453	1,547

McLEAN COUNTY
 COMPARITIVE SCHEDULE OF FINAL BUDGET
 AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998

	<u>Final Budget</u>	<u>Budgeted Expenditures</u>	<u>Under (Over) Budget</u>
<u>GENERAL FUND (Continued)</u>			
<u>Protection to Persons and Property</u> (Continued)			
Office of Public Defender: Contribution	\$ 1,724	\$ 1,724	\$
<u>General Health and Sanitation</u>			
Pest Eradication Program	1,200	1,141	59
Dog Control:			
Salaries	3,625	3,624	1
Dog Pick-up	1,487	1,336	151
Miscellaneous	552	552	
Sanitary Landfill:			
Engineering Services	12,000		12,000
Attendants	8,000	7,512	488
Tire Disposal	1,077	1,077	
Tipping Fees	23,915	23,915	
Office Supplies	168	168	
Recycling Programs:			
Program Support	1,000		1,000
Maintenance	585	143	442
Water Systems	15,000		15,000
<u>Social Services</u>			
Public Advocate	13,534	13,534	
Cemeteries and Memorials:			
Pauper Burials	2,000		2,000
General Charity and Welfare:			
Food	500	227	273

McLEAN COUNTY
 COMPARITIVE SCHEDULE OF FINAL BUDGET
 AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND (Continued)</u>			
<u>Recreation and Culture</u>			
Public Libraries:			
Contribution	\$ 14,100	\$ 14,100	\$
<u>Administration</u>			
Contingent Appropriations:			
Reserve for Transfers	6		6
General Services:			
Child Support Reimbursement	23,101	23,101	
Auditing Services	15,323	15,323	
Vending Machine	1,280	1,280	
Public Officials Bonds	2,570	2,570	
Professional Liability Insurance	7,500	7,500	
Memberships-			
Kentucky Coal	2,800	750	2,050
ADD	4,270	4,270	
KACO	800	800	
Miscellaneous Expense	995	908	87
KACO Assessment	9,058	9,058	
Fringe Benefits:			
County Contributions-			
Social Security	28,445	21,117	7,328
Retirement	40,570	16,389	24,181
Health Insurance	11,080	11,080	
Worker's Compensation	5,400	3,401	1,999
Total General Fund	<u>\$ 843,037</u>	<u>\$ 697,995</u>	<u>\$ 145,042</u>

ROAD AND BRIDGE FUND

General Government

Fiscal Court:

Magistrates-

Road Expense

\$ 4,800 \$ 4,800 \$

McLEAN COUNTY
 COMPARITIVE SCHEDULE OF FINAL BUDGET
 AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998

	<u>Final Budget</u>	<u>Budgeted Expenditures</u>	<u>Under (Over) Budget</u>
<u>ROAD AND BRIDGE FUND</u>			
(Continued)			
<u>Transportation Facilities and Services</u>			
Road Facilities:			
Engineering Services	\$ 8,000	\$	\$ 8,000
Underground Storage Tanks	141,205	141,205	
<u>Roads</u>			
Office of Road Supervisor/Engineer:			
Road Supervisor Salary	25,910	25,876	34
Dues	200	25	175
Travel/Tolls	100	29	71
Tuition Reimbursement	400		400
Attend Meetings	646	646	
Road Maintenance:			
Salaries-			
Secretary	5,824	5,768	56
Road Labor	161,883	161,883	
Overtime	4,200	768	3,432
Asphalt	240,709	240,709	
Bridge Construction	19,378	4,505	14,873
Crushed Stone and Gravel	40,000	38,877	1,123
Laborer Physicals	1,000		1,000
Pest Eradication	1,500	868	632
Garage Supplies	6,920	6,920	
Gasoline	25,000	23,147	1,853
General Construction Materials	1,000		1,000
Lubricants	5,266	5,266	
Machinery and Equipment-			
Repairs	19,035	16,941	2,094
Motor Vehicle Parts	39,432	39,432	
Emergency Road Repair	8,210		8,210
Pipe	20,853	20,853	
Signs	1,557	1,030	527
Radio Equipment	1,000	674	326
Data Processing Equipment	2,500	1,349	1,151

McLEAN COUNTY
 COMPARITIVE SCHEDULE OF FINAL BUDGET
 AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>ROAD AND BRIDGE FUND (Continued)</u>			
<u>Roads (Continued)</u>			
Road Maintenance: (Continued)			
Tools	\$ 4,032	\$ 4,032	\$
Tires and Tubes	8,608	8,608	
Utilities	4,823	4,823	
Miscellaneous	683	332	351
<u>Capital Outlay</u>			
Pickup Purchase	3,795		3,795
Energy Road Recovery	2,782		2,782
Other County Liabilities:			
Lease-purchase Agreements	8,429	8,429	
<u>Administration</u>			
General Services:			
Professional Liability Insurance	26,420	26,419	1
Telephone	895	895	
Other Expenses	997	764	233
Contingent Appropriations:			
Reserve for Budget Transfers	4		4
Fringe Benefits:			
County Contributions-			
Retirement	28,824	28,824	
Health Insurance	28,500	28,500	
Worker's Compensation	10,000	10,000	
Unemployment Insurance	35,780	32,426	3,354
Total Road and Bridge Fund	<u>\$ 951,100</u>	<u>\$ 895,623</u>	<u>\$ 55,477</u>

McLEAN COUNTY
 COMPARITIVE SCHEDULE OF FINAL BUDGET
 AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998

	<u>Final Budget</u>	<u>Budgeted Expenditures</u>	<u>Under (Over) Budget</u>
<u>JAIL FUND</u>			
<u>Protection to Persons and Property</u>			
Office of Jailer:			
Personnel Services-			
Jailer Salary	\$ 12,000	\$ 12,000	\$
Operations-			
Routine Medical	3,611	3,611	
Telephone	657	611	46
Transporting Prisoners to			
Other Counties	52,621	52,621	
Housing Juveniles	1,493	1,493	
Housing Prisoners - Other Counties	8,280	8,280	
Miscellaneous Operating Expense	1,000	45	955
<u>Administration</u>			
Contingent Appropriations:			
Reserve for Budget Transfers	456		456
Association Dues	50	50	
Fringe Benefits:			
County Contributions-			
Retirement	1,400	310	1,090
Social Security	1,554	1,554	
Total Jail Fund	<u>\$ 83,122</u>	<u>\$ 80,575</u>	<u>\$ 2,547</u>
<u>LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND</u>			
<u>General Government</u>			
Community Development	\$ 5,000	\$ 73	\$ 4,927

McLEAN COUNTY
 COMPARITIVE SCHEDULE OF FINAL BUDGET
 AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998

	<u>Final Budget</u>	<u>Budgeted Expenditures</u>	<u>Under (Over) Budget</u>
<u>LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND (Continued)</u>			
<u>General Health and Sanitation</u>			
Water Systems	\$ 40,000	\$ 38,057	\$ 1,943
Sewer Systems	26,600	26,600	
Flood Control	8,000	144	7,856
<u>Social Services</u>			
Help Office	700	600	100
Mental Health	1,000	1,000	
RSVP	2,000	2,000	
Senior Companion	500	500	
Services To Families and Children	800	179	621
<u>Recreation and Culture</u>			
Myer Creek	5,000	1,930	3,070
Miscellaneous	1,000	378	622
Parks (Buildings and Construction)	10,000	9,118	882
Program Support	5,000	3,470	1,530
Co-Op Extension	14,200	14,200	
Advertising	2,500	1,070	1,430
County Heritage Conservation Support	7,000	850	6,150
Festivals & Cultural Programs	6,000	234	5,766
Historic Preservation	6,000		6,000
<u>Transportation Facilities and Services</u>			
Road Facilities:			
Coal-Haul Road Maintenance	48,000	48,000	
<u>Debt Service</u>			
Borrowed Money:			
Interest	295,000	703	294,297

McLEAN COUNTY
 COMPARITIVE SCHEDULE OF FINAL BUDGET
 AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998

	<u>Final Budget</u>	<u>Budgeted Expenditures</u>	<u>Under (Over) Budget</u>
<u>LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND (Continued)</u>			
Other County Liabilities:			
Tri-County Debt Service	\$ 60,000	\$	\$ 60,000
Gas Lines	200,000	200,000	
<u>Administration</u>			
Contingent Appropriations:			
Reserve for Budget Transfers	125		125
Fringe Benefits:			
County Contributions-			
Retirement	4,909	1,299	3,610
Social Security	3,500	1,893	1,607
Health Insurance	6,900	3,641	3,259
Worker's Compensation	3,391		3,391
Total Operating Budget	\$ 763,125	\$ 355,939	\$ 407,186
Other Financing Uses:			
Borrowed Money			
Principal	200,000		200,000
Total Local Government Economic Assistance Fund	<u>\$ 963,125</u>	<u>\$ 355,939</u>	<u>\$ 607,186</u>

RURAL HEALTH FUND

General Health and Sanitation

Other Wages and Salaries:			
Personnel Salaries	\$ 65,844	\$ 65,844	\$
Contracted Services	1,375	471	904
Medical Supplies	2,626	2,626	
Travel Expense	905	486	419
Office Equipment	500	78	422

McLEAN COUNTY
 COMPARITIVE SCHEDULE OF FINAL BUDGET
 AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998

	<u>Final Budget</u>	<u>Budgeted Expenditures</u>	<u>Under (Over) Budget</u>
<u>RURAL HEALTH FUND (Continued)</u>			
<u>Administration</u>			
Contingent Appropriations:			
Reserve for Budget Transfers	\$ 1,000	\$	\$ 1,000
Fringe Benefits:			
County Contributions-			
Social Security	12,450	12,450	
Program Support	<u>300</u>	<u>300</u>	
Total Rural Health Fund	<u>\$ 85,000</u>	<u>\$ 82,255</u>	<u>\$ 2,745</u>
<u>AMBULANCE FUND</u>			
<u>Protection to Persons and Property</u>			
Personnel Services-			
Salaries-			
Director Salary	\$ 14,000	\$ 11,000	\$ 3,000
EMTs Salaries	53,552	53,552	
Paramedics Salaries	53,448	40,901	12,547
Other Salaries	8,000		8,000
Supplies and Materials-			
Diesel Fuel	4,893	4,131	762
Parts and Repairs	4,186	1,823	2,363
Office Supplies	4,000	399	3,601
Uniforms	2,102	2,102	
Medical Supplies	47,024	4,057	42,967
Training	374		374
Telephone	800	391	409
Utilities	2,000	34	1,966
Miscellaneous	4,399	4,399	
<u>Capital Outlay</u>			
Ambulance - Unit 303	60,000	59,875	125
Wheelchair Van	20,000	817	19,183

McLEAN COUNTY
 COMPARITIVE SCHEDULE OF FINAL BUDGET
 AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998

	<u>Final Budget</u>	<u>Budgeted Expenditures</u>	<u>Under (Over) Budget</u>
<u>AMBULANCE FUND (Continued)</u>			
<u>Capital Outlay (Continued)</u>			
Other Equipment	\$ 3,807	\$ 3,807	\$
<u>Debt Service</u>			
Borrowed Money:			
Interest	344	344	
<u>Administration</u>			
Contingent Appropriations:			
Reserve for Budget Transfers	140		140
Fringe Benefits:			
County Contributions-			
Social Security	9,900	7,814	2,086
Retirement	7,500	3,104	4,396
Health Insurance	4,031	4,031	
Unemployment	3,000	3,000	
Workers Compensation	<u>8,100</u>	<u></u>	<u>8,100</u>
Total Operating Budget	\$ 315,600	\$ 205,581	\$ 110,019
Other Financing Uses:			
Borrowed Money Repaid	<u>2,700</u>	<u>2,700</u>	<u></u>
Total Ambulance Fund	<u>\$ 318,300</u>	<u>\$ 208,281</u>	<u>\$ 0</u>
<u>FIRE DEPARTMENT FUND</u>			
County Fire Department:			
Equipment	\$ 1,553	\$ 1,553	\$
Phone	787	687	100
Utilities	2,662	2,662	
Beechgrove Station	2,144		2,144

McLEAN COUNTY
 COMPARITIVE SCHEDULE OF FINAL BUDGET
 AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998

	<u>Final Budget</u>	<u>Budgeted Expenditures</u>	<u>Under (Over) Budget</u>
<u>FIRE DEPARTMENT FUND (Continued)</u>			
<u>Debt Service</u>			
Borrowed Money:			
Interest	\$ 9,346	\$ 9,346	\$
Total Operating Budget	\$ 16,492	\$ 14,248	\$ 2,244
Other Financing Uses:			
Borrowed Money			
Principal	10,108	10,108	
Total Fire Department	\$ 26,600	\$ 24,356	\$ 2,244
<u>COMMUNITY DEVELOPMENT BLOCK GRANT FUND</u>			
<u>General Government</u>			
Economic Development:			
Consulting Fees	\$ 7,854	\$ 7,854	\$
GRADD-			
Administration	20,000		20,000
Water Systems	475,000		475,000
Capital Projects:			
Land Improvement	58,000		58,000
<u>Administration</u>			
Contingent Appropriations:			
Reserve for Budget Transfers	2,146		2,146
Total Community Development Block Grant Fund	\$ 563,000	\$ 7,854	\$ 555,146

McLEAN COUNTY
 COMPARITIVE SCHEDULE OF FINAL BUDGET
 AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998

	<u>Final Budget</u>	<u>Budgeted Expenditures</u>	<u>Under (Over) Budget</u>
<u>FLOOD FUND</u>			
<u>General Health and Sanitation</u>			
Contracted Services:			
Digital Infracture	\$ 11,000	\$	\$ 11,000
Demolition	15,000		15,000
Appraisals	7,825	7,825	
Closing Costs	12,150		12,150
<u>Capital Outlay</u>			
Real Property Acquisition	753,599		753,599
<u>Administration</u>			
Rent Reallocation Payments	10,500		10,500
<u>Social Services</u>			
Contracted Services:			
Program Support	15,594		15,594
Miscellaneous Expense	450		450
<u>Administration</u>			
Contingent Appropriations:			
Reserve for Budget Transfers	645		645
Mandated Program Support:			
Payment to Other Government Agencies	3,184		3,184
Total Flood Fund	<u>\$ 829,947</u>	<u>\$ 7,825</u>	<u>\$ 822,122</u>

McLEAN COUNTY
 COMPARITIVE SCHEDULE OF FINAL BUDGET
 AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998

	<u>Final Budget</u>	<u>Budgeted Expenditures</u>	<u>Under (Over) Budget</u>
<u>HOSPITAL FUND</u>			
<u>General Government</u>			
Contracted Services:			
Hospital Services	\$ 1,103	\$ 1,103	\$
Maintenance	31,181	456	30,725
Other Charges:			
Phone	1,556	1,556	
Utilities	3,160	3,160	
Capital Outlay:			
Other Capital Outlay	5,000		5,000
<u>Administration</u>			
Liability Insurance	500	500	
Audit	<u>500</u>	<u>361</u>	<u>139</u>
Total Hospital Fund	<u>\$ 43,000</u>	<u>\$ 7,136</u>	<u>\$ 35,864</u>
<u>ADULT EDUCATION FUND</u>			
<u>General Government</u>			
Fiscal Court:			
Instruction Costs	\$ 28,076	\$ 28,076	\$
Administrative Costs	2,372	2,372	
Rent	1,200	800	400
Program Support	1,535	537	998
Staff Development	<u>834</u>	<u>834</u>	
Total Adult Education Fund	<u>\$ 34,017</u>	<u>\$ 32,619</u>	<u>\$ 1,398</u>

McLEAN COUNTY
 COMPARITIVE SCHEDULE OF FINAL BUDGET
 AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998

	<u>Final</u> <u>Budget</u>	<u>Budgeted</u> <u>Expenditures</u>	<u>Under</u> <u>(Over)</u> <u>Budget</u>
<u>JOB TRAINING PARTNERSHIP</u>			
<u>ACT FUND</u>			
<u>General Government</u>			
Fiscal Court:			
Salaries-			
Assistant	\$ 12,341	\$ 12,341	\$
Instructional	9,872	8,927	945
Director	13,973	13,682	291
Rent	3,000	3,000	
Program Support	1,770		1,770
Office Supplies	270	270	
Telephone	1,200	931	269
Travel Costs	775	54	721
Training Supplies	2,127	2,127	
Miscellaneous	1,383	1,383	
<u>Administration</u>			
Fringe Benefits:			
County Contributions-			
Social Security	2,747	2,438	309
Retirement	2,637	2,427	210
Health Insurance	1,247	1,104	143
Unemployment	581	581	
Workers Compensation	329		329
Total Job Training Partnership			
Act Fund	<u>\$ 54,252</u>	<u>\$ 49,265</u>	<u>\$ 4,987</u>

911 FUNDEmergency Dispatch Service

Dispatchers Salaries	\$ 773	\$ 33	\$ 740
System Maintenance	1,548	66	1,482
Data Processing	1,000		1,000
Dispatch Supplies	800	464	336
Dispatcher Uniforms	1,065	576	489

McLEAN COUNTY
 COMPARITIVE SCHEDULE OF FINAL BUDGET
 AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998

	<u>Final Budget</u>	<u>Budgeted Expenditures</u>	<u>Under (Over) Budget</u>
<u>911 FUND (Continued)</u>			
<u>Emergency Dispatch Service (Continued)</u>			
Training	\$ 1,040	\$ 481	\$ 559
E-911 CAD System	181,875	181,875	
<u>Debt Service</u>			
Borrowed Money:			
Interest	2,680	2,680	
<u>Administration</u>			
Fringe Benefits:			
County Contributions-			
Social Security	948	790	158
Retirement	952	923	29
Health Insurance	2,719	2,719	
Unemployment	300	300	
Workers Compensation	700		700
Total Operating Budget	\$ 196,400	\$ 190,907	\$ 5,493
Other Financing Uses:			
Borrowed Money			
Principal	8,600	8,600	
Total 911 Fund	<u>\$ 205,000</u>	<u>\$ 199,507</u>	<u>\$ 5,493</u>

CAREER CENTER FUND

General Government

Fiscal Court:			
Salaries	\$ 19,710	\$ 19,710	\$
Advertising	112		112
Data Processing	2,045		2,045
Office Supplies	537	537	
Other Supplies	300	36	264
Printing	1,200		1,200

McLEAN COUNTY
 COMPARITIVE SCHEDULE OF FINAL BUDGET
 AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998

	<u>Final Budget</u>	<u>Budgeted Expenditures</u>	<u>Under (Over) Budget</u>
<u>CAREER CENTER FUND</u> (Continued)			
<u>General Government</u> (Continued)			
Fiscal Court:			
Telephone	\$ 1,707	\$ 1,707	\$
Travel Costs	1,432	1,432	
<u>Administration</u>			
Fringe Benefits:			
County Contributions-			
Social Security	1,487	1,301	186
Retirement	1,420	1,209	211
Health Insurance	1,450	1,332	118
Unemployment	200	200	
Workers Compensation	400		400
Total Career Center Fund	<u>\$ 32,000</u>	<u>\$ 27,464</u>	<u>\$ 4,536</u>
<u>SENIOR CITIZENS FUND</u>			
Personnel Services:			
Director Salary	\$ 21,871	\$ 21,871	\$
Contracted Services:			
Meal Transportation	3,390	3,027	363
General Transportation	1,978	1,978	
Rent	3,000	3,000	
Miscellaneous	3,747	3,747	
Supplies and Materials:			
Fuel Reimbursement	1,332	1,332	
Equipment	215		215
Supplies	450	450	
Telephone	754	754	
Staff Training	359	359	
Travel	800	800	
Building Maintenance	1,000	214	786
Miscellaneous	328	292	36

McLEAN COUNTY
 COMPARITIVE SCHEDULE OF FINAL BUDGET
 AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>SENIOR CITIZENS FUND (Continued)</u>			
<u>Administration</u>			
Fringe Benefits:			
County Contributions-			
Social Security	\$ 1,622	\$ 1,546	\$ 76
Retirement	1,780	939	841
Health Insurance	1,400	1,097	303
Unemployment	264	264	
Workers Compensation	200		200
	<hr/>	<hr/>	<hr/>
Total Senior Citizens Fund	\$ 44,490	\$ 41,670	\$ 2,820
	<hr/>	<hr/>	<hr/>
Total Operating Budget - All Funds	\$ 4,854,582	\$ 2,696,956	\$ 2,157,626
	<hr/>	<hr/>	<hr/>
Other Financing Uses:			
Borrowed Money-			
Principal	221,408	21,408	200,000
	<hr/>	<hr/>	<hr/>
TOTAL BUDGET - ALL FUNDS	<u>\$ 5,075,990</u>	<u>\$ 2,718,364</u>	<u>\$ 2,357,626</u>

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



Edward B. Hatchett, Jr. Auditor of Public Accounts

Honorable Larry Whitaker, County Judge/Executive
Members of the McLean County Fiscal Court

Report On Compliance And On Internal Control Over Financial Reporting Based On An Audit Of Financial Statements Performed In Accordance With Government Auditing Standards

We have audited the financial statements of McLean County, Kentucky, as of and for the year ended June 30, 1998, and have issued our report thereon dated February 8, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether McLean County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under Government Auditing Standards which are described in the accompanying schedule of Comments and Recommendations.

- The County Should Have A Written Agreement To Protect Deposits

Internal Control Over Financial Reporting

In planning and performing our audit, we considered McLean County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Honorable Larry Whitaker, County Judge/Executive
Members of the McLean County Fiscal Court
Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of Financial
Statements Performed In Accordance With Government Auditing Standards
(Continued)

This report is intended for the information of management. However, this report, upon release by the Auditor of Public Accounts, is a matter of public record and its distribution is not limited.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
February 8, 1999

COMMENTS AND RECOMMENDATIONS

McLEAN COUNTY
COMMENTS AND RECOMMENDATIONS

Fiscal Year Ended June 30, 1998

The County Should Have A Written Agreement To Protect Deposits

The county maintained deposits with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). The county had a bank balance of \$692,850; FDIC insurance of \$100,000; and securities pledged of \$1,750,000 as of February 18, 1998. Even though the county obtained pledged securities of \$1,750,000, the pledge was not evidenced by a written agreement. We recommend the county enter into a written agreement with the depository institution. This agreement, signed by both parties, must be sufficient to create an enforceable and perfected security interest in the collateral under Kentucky law. According to federal law, 12 U.S.C.A. § 1823(e), this agreement should be (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution.

Management's Response:

Management did not submit a response.

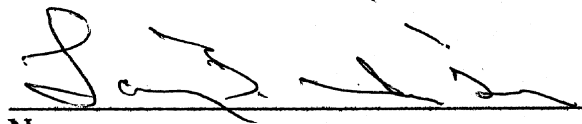
CERTIFICATION OF COMPLIANCE – LOCAL
GOVERNMENT ECONOMIC ASSISTANCE

McLEAN COUNTY FISCAL COURT

Fiscal Year Ended June 30, 1998

CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC ASSISTANCE
MCLEAN COUNTY FISCAL COURT

The McLean County Fiscal Court hereby certifies that assistance received from the Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.



Name
County Judge/Executive



Name
County Treasurer